The Frozen and Processed Entrees Market in Taiwan

August 1999

(Également disponible en français sous le titre,
Le marché des plats principaux surgelés et transformés à taïwan)

Prepared by the
Market Research Centre
and the
Canadian Trade Commissioner Service

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Market Support Division (TCM)
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Trade Evaluation and Analysis Division (TEAD)
Agriculture and Agri-Food Canada
Contact: Jim Lowe
Telephone: (613) 759-7652
Fax: (613) 759-7505
E-mail: lowej@em.agr.ca

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Market Research Centre
August 1999

THE FROZEN AND PROCESSED ENTREES MARKET IN TAIWAN

Team Canada Inc • Équipe Canada inc

EXECUTIVE SUMMARY

While the frozen and processed entrees market in Taiwan is dominated by Chinese-style foods, the market possesses a growing Western-style food segment. Chinese-style foods, such as Chinese dumplings, wontons, fried rice meals, noodle dishes, and Chinese buns, occupy approximately 70% of the market. More than half of the remaining 30% is accounted for by pizza sales. The market for frozen food products has grown because advances in food quality and safety over the past decade have resulted in these products being perceived as fresh, safe, convenient, and time-saving.

Economic growth, higher average income levels, and demographic changes in recent years have led to increased acceptance of and demand for prepared frozen food products. Once Taiwan gains membership in the World Trade Organization (WTO), many tariffs and duties will be reduced or removed, further opening the market to a greater number of products and increased competition. Educational advertising aimed at promoting the use of microwave ovens could lead to added demand for prepared meals, since current use of microwave ovens for meal preparation is very low.

Nutritious and low-fat foods targeted at increasingly health-conscious consumers offer the best opportunities for entering Taiwan's frozen and processed entrees market. Consumer willingness to pay for premium-quality foods means that the prospects for well marketed frozen and prepared entrees are promising. Though Chinese-style foods currently occupy the largest share of the frozen food market, the demand for western-style frozen food is growing, driven by young Taiwanese exposed to foreign education and international media, with an interest in western lifestyles.

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MARKET OVERVIEW

Taiwan is an island economy of 22 million people, possessing limited arable land for agricultural production, and thus heavily dependent on agri-food imports for basic food requirements. Several demographic changes have led to an increased demand for imported prepared foods. Increasing income levels and larger disposable income have enabled consumers to afford the added costs of purchasing prepared foods. The increasing consumer preference for healthier foods has also developed opportunities for prepared food producers to diversify product lines, or supply products which are not supplied by domestic producers. Lastly, the proliferation of supermarkets and hypermarkets, resulting from a growing service industry, is able to service the changing tastes, especially amongst younger Taiwanese consumers.

Frozen and prepared entrees are defined as ready-to-eat meals such as soups, pizza, and some pastas that merely require heating in a conventional or microwave oven. The sector does not include desserts, individual cuts of meat, or frozen vegetables, unless these are part of a prepared packaged food meal.

In 1995, the frozen and processed entrees market was worth $387 million,[1] of which Chinese-style foods accounted for 70% of the market and Western-style foods less than 30%. Of the Chinese prepared frozen foods, Chinese dumplings occupied 31% of the market in 1995, while fried chicken nuggets and Chinese buns each held 14%. Pizza typically accounts for the largest share of Western-style food sales, capturing 55% of the market segment in 1995, followed by pasta (20%), soups (10%), various pot pies, microwaveable hamburgers, TV dinners, and other foods. Between 1991 and 1996, domestic frozen food production increased 88%. Prepared foods accounted for 23% of this growth, while meat products accounted for 64%.

Growth in the frozen and processed entrees sector has slowed in the past few years, leading Taiwan participants in the frozen food, seafood, vegetable, and fruit industries

[1]All currency amounts are in Canadian funds unless otherwise stated. The source for the currency conversion rates for the Canadian dollar, the new Taiwan dollar, and the U.S. dollar are the average annual rates based on IDD Information Services, *Tradeline*, July 1999, and the United States Federal Reserve Bank of St. Louis, September 1999.

to aggressively seek overseas sales, as they declared the domestic market to be "saturated." According to the Taiwan Association of Frozen Food Industries, Taiwan's average annual consumption per capita of frozen and refrigerated food products has increased from 2 kilograms to 15 kilograms in the past decade. This trend is expected to continue until consumption levels reach those found in Japan and Western countries. However, consumption will be limited by the small size of consumers' freezers.

In 1996, the value of the prepared Chinese frozen foods market reached an estimated $340 million. In addition to traditional Chinese foods such as dumplings and steamed buns, the market also offers products such as wontons stuffed with shrimp, beef, pork, or vegetables; hot pot ingredients; and glutinous rice balls filled with either peanut or sesame paste or meat.

Taiwanese consumers have a natural preference for domestically produced fresh goods such as fresh produce, meat, and fish purchased each morning at the local market. However, changes in lifestyle and meal preparation (which are discussed in "Key Factors Shaping Market Growth") have led to an increased demand for prepared foods. With this increased demand, came a demand for processed foods of higher quality. Prior to 1988, domestically processed foods met with resistance and suspicion by consumers as a result of sanitary concerns. Consumers therefore turned to foreign processed food products, which were perceived as being of higher quality than local products as a result of the existence of higher processed food standards in the exporting countries.

These perceptions have been alleviated somewhat by the creation of the China Agricultural Standards (CAS) in 1988 and the introduction of uniform standards and inspections, which have improved the quality of domestic frozen and prepared foods. Although the CAS is a voluntary licensing program, approximately 90% of frozen food products in Taiwan carry the CAS approval labels. These labels are issued to individual manufacturing lines, rather than to entire companies for blanket product approval. As a result, many companies produce both CAS-approved and non-CAS-approved foods. The CAS has succeeded to such an extent in its mandate to promote domestic and agricultural products, guarantee high quality, and ensure a safe food supply that consumers look for the CAS logo on most prepared foods before purchasing. The display of CAS approval is virtually a requirement to be competitive, and is available to foreign producers under the same regulations as those applicable to domestic producers.

Asian Crisis

Taiwan experienced an economic slowdown as a result of the financial crisis which hit southeast Asia in 1997 and 1998, however, compared to its Asian neighbours, Taiwan

emerged from the crisis relatively unscathed. Taiwan continues to maintain the world's third-largest foreign exchange reserve which has been actively used to shore up Taiwan's currency. Taiwan's inflation remained relatively constant at 1% throughout the crisis, and unemployment was up only slightly to 2.9%. GDP growth reached 5% in 1998, the lowest total in 13 years. Due to the recent earthquakes in Taiwan, the predicted return to GDP growth rates above 6% for 1999 will not occur, however the economy is resilient, and the slowdown is not expected to last long.

Taiwan's export market suffered during the economic crisis; however, domestic consumption and demand remained high. Experts remain optimistic about Taiwan's future growth because of Taiwan's strong base of small and medium-size companies, and due to the government's sound, well-implemented economic planning.

Key Factors Shaping Market Growth

Traditionally, Taiwanese meals have been prepared by one or more family members, including extended family members. However, this tradition is slowly changing as a result of changing dynamics in society. Less leisure time, increased emphasis on career, and subsequent delays in marriage are making individuals increasingly responsible for preparing their own meals. As well, women are entering the workforce in record numbers, a phenomenon that has also spurred demand for quick and convenient foods.

Higher per capita incomes also contributed to the development of a more sophisticated consumer, demanding convenience, value, variety, and nutrition in food product purchases. Taiwanese consumers are aware that foreign food producers supply quality food products, and that the CAS has resulted in higher quality domestic processed foods. As a result, expectations have driven development of better foods to meet demand. Therefore, while Taiwanese food processors are developing higher quality foods, exporters of processed food to Taiwan will also be required to do the same to maintain a competitive place in the market. However, busy lifestyles and higher per capita incomes have also led Taiwanese consumers to increase their frequency of eating out at the wide variety of restaurants in the country. Eating out is very easy and relatively inexpensive, making it a strong competitor for consumer dollars as an alternative to home cooking.

While Taiwanese consumers still prefer traditional Chinese-style frozen foods over other varieties, the surging popularity of convenient Western fast-foods, such as pizza, has spurred market growth. Choosing frozen foods is perceived as a compromise between convenience and the freshness to which Taiwanese have been traditionally accustomed.

A major driver of growth of the frozen and prepared entrees market has been the development and growth of modern retail facilities in Taiwan. The emergence of supermarkets, hypermarkets, and convenience stores has improved both accessibility and price, and they have become the major source for these products. Small-scale retail operations, which dominated Taiwan's food retailing sector before the emergence of these modern facilities, lacked both adequate refrigeration and storage space to offer frozen products in large qualities.

Exporters should note that although the popularity of microwaves is increasing, there is a general perception among Taiwanese consumers that microwaveable food products are not as fresh as other kinds of foods. In fact, an estimated 75% of Taiwanese consumers use microwaves strictly for reheating and do not purchase food products designed for microwaves. Moreover, limited knowledge of microwave cooking and the high cost of microwave ovens in Taiwan have significantly inhibited growth in this sector. However, the development of new Chinese-style microwaveable products such as rice balls and battered products has initiated market growth in the microwaveable products market. The addition of traditional Chinese dishes to the assortment of frozen foods on the market is expected to increase growth in both the Chinese-cuisine subsector and the overall market.

In anticipation of Taiwan's accession to the World Trade Organization (WTO), Taiwan is expanding its imports of food products to comply with demands for more open access for exporters to its markets. Import duties are expected to decrease, though exact tariff rates are not known at this time.

Opportunities

There are good opportunities to market Western-style foods that appeal to younger Taiwanese consumers, who are more open than older consumers are to Western foods because of their exposure to international media and foreign education, and their interest in Western lifestyles. The popularity of pizza with younger generations of Taiwanese consumers is a clear demonstration of the possibilities available. In some instances, adapting the product specifically to the tastes of Taiwanese consumers may be required before entering the market, however.

Taiwanese consumers typically enjoy healthy diets of fresh produce or meat, however the demographic changes in Taiwan discussed earlier restrict many consumers from shopping for and preparing fresh food each day. The result has been an increased demand for healthy prepared food options low in salt, fats, and oils, as well as foods without additives or chemicals. A modest consumer education program, including listing ingredients, usage instructions, and proven health benefits on the packaging could promote the products and overcome consumers' knowledge gap in healthy

prepared foods available.

Actual and Planned Projects

Goodman Fielder International of Australia has established a strong presence in the Taiwanese frozen food industry through acquisitions in recent years. In November 1997, the company purchased the outstanding 50% of shares of Taiwan-based Goody Foods, completing its purchase of the Chinese frozen food producer. Goody Foods mainly supplies the Taiwanese market, but it also exports to Japan. In July 1998, Goodman Fielder announced plans to purchase Jinjili Frozen Food Co., also based in Taiwan, with the goal of expanding its food market share in Taiwan and constructing an Asia-Pacific research and development (R&D) centre on the island.

In August 1998, Taiwan's Industrial Development Bureau, under the Ministry of Economic Affairs, was to revise regulations concerning the establishment of Asia-Pacific regional operating centres and R&D centres in Taiwan. These revisions were to include increased tax credits and financial assistance to companies pursuing such actions.

In October 1998, French and Taiwanese frozen and processed food manufacturing associations agreed to implement a number of measures designed to boost trade. For example, French businesses will send experts to Taiwan to help businesses improve the quality of their frozen food storage techniques. Lack of proper frozen food storage has been a major obstacle for the Taiwan frozen food industry in exporting goods to industrially advanced countries that have strict environmental protection laws. Better frozen food storage capabilities will therefore contribute toward building a larger frozen food industry, and will also help Taiwanese frozen food producers in domestic trade and competition.

COMPETITIVE ENVIRONMENT

Local Capabilities

In 1997, processed foods accounted for over 76% of all frozen foods produced in Taiwan for domestic consumption. Sales reached $380 million, which was a 1.7% decline in sales from the previous year, though the quantity increased by 2.2% to 93 million kilograms.

Almost 100% of Chinese-style frozen and prepared entrees are produced domestically. In 1996, the top five-selling items – Chinese dumplings, fried chicken nuggets, wontons/dim sum, Chinese buns, and hot pot – in this sector accounted for almost 73% of the market (in volume terms) and were produced by 221 local manufacturers. Only

17 of these companies are CAS-approved; approximately 200 companies are non-CAS approved and possess limited production capacity.

The large field of competitors in the packaged foods sector has led some Taiwanese companies to shift production to the manufacture of high-value goods, including microwaveable frozen Chinese foods such as prepared dumplings, fried rice meals, sticky rice dumplings, and noodle dishes. These products currently have a limited market in Taiwan and are primarily exported to a number of regions worldwide, including Australia, Japan, mainland China, and North America.

Pizza is one of the most successful types of Western food consumed in Taiwan in this market sector. Although domestically produced frozen pizzas are, on average, 72% more expensive than imported varieties, 70% of the frozen pizza sub-sector is produced locally.

Rich Foods is the major local frozen food producer. Taiwan's other major food conglomerates include President Enterprise Corp., Hsin Tung Yang Co., Ltd., and Wei Chuan Foods Corp., all of which are all are anticipating good opportunities in food imports after Taiwan gains WTO membership.

International Competition

The main exporters of frozen and processed entrees to Taiwan are the United States, which dominates the export market, Japan, Australia, and New Zealand. Japan exports both Western-style products and microwaveable Chinese-style TV dinners. A leading Japanese brand, Ajinimoto, produces through locally based Ajinimoto Tong Hsing Foods. The U.S. subsidiary of McCain Foods Limited is also a significant competitor in the frozen pizza segment.

All prepared pastas and soups are imported, as are 85% of other prepared frozen foods and 30% of the frozen pizzas market.

Canadian Position

Canadian exporters of frozen and processed entrees typically have not had significant involvement in the Taiwan market.

In order to be successful in this fiercely competitive market, exporters must appeal to local tastes, while establishing national and brand recognition through promotional efforts. For example, pizzas offered with toppings such as corn or other vegetables or fruits appeal to Taiwanese consumers.

Given the lack of storage and refrigeration space in Taiwan, and the changing demographic of the Taiwanese consumer, foods offered in small or single-serving sizes generally sell better than large "economy" package sizes. In marketing new products, exporters are advised to offer "trial-size" packages. The prominent display of the brand name in English also enhances sales, since local consumers perceive foreign processed foods to be safer from a quality standpoint than domestic versions.

Competitive Advantage through Canadian Government Policies and Initiatives

The Export Development Corporation (EDC) offers a full range of trade finance services that helps Canadian Exporters and Investors do business in foreign jurisdictions, including higher risk and emerging markets. Founded in 1944, EDC is a Federal Crown Corporation that operates as a commercial financial institution. Principal services are Account Receivable Insurance, Political Risk Insurance, Bonding for International Transactions and the Financing of International Transactions. For more information, please call the EDC at 1-888-332-3320.

The Canadian Commercial Corporation (CCC) also offers small and medium-sized Canadian companies access to financing and better payment terms under the Progress Payment Program (PPP). The PPP concept was developed as a partnership between major Canadian financial institutions and CCC. It enables the exporter's bank to open a project line of credit for the exporter's benefit, based on CCC approval of the project and the exporter's ability to perform. For more information, please contact the CCC.

The Program for Export Market Development (PEMD) is the government's primary international business development program. The objective of PEMD is to increase export sales of Canadian goods and services by sharing the costs of activities that companies normally could not or would not undertake alone, thereby reducing risks involved in entering a foreign market. The PEMD refundable contribution is a minimum of $5,000 and a maximum of $50,000. Preference is given to companies with annual sales greater than $250,000 and less than $10 million, or with less than 100 employees for a firm in the manufacturing sector and 50 in the service industry. Eligible activities, the costs of which are shared on a 50/50 basis, include market visits, trade fairs, incoming buyers, product testing for market certification, legal fees for marketing agreements abroad, transportation costs of off-shore company trainees, product demonstration costs, promotional materials, and other costs necessary to execute the market development plan (Other components of the program deal with international bid preparation under Capital Project Bidding, and with Trade Associations when developing international marketing activities for their membership). For additional information, or to receive an application, please contact the International Trade Centre in your province.

WIN Exports is a database of Canadian exporters and their capabilities. Exporters are encouraged to register with WIN Exports because it is used by trade commissioners around the world and by Team Canada partners in Canada to match Canadian suppliers to foreign business leads and to share information on trade events. For more information, please visit www.infoexport.gc.ca/section2/winexp2-e.asp.

PRIVATE-SECTOR CUSTOMERS

Professional food service companies catering to traditional Taiwanese social events, called *ban doe* (held to celebrate weddings, funerals, and other social occasions), are turning to frozen and prepared foods as cost-effective alternatives to traditional Chinese fare. Similarly, firms subcontracted by Taiwanese schools are more frequently using frozen and prepared foods, particularly frozen buns and dumplings, in meal preparation.

Restaurants are significant players in Taiwan's growing prepared frozen food market. While small family-owned restaurants have traditionally made everything by hand, many are increasingly turning to purchasing frozen foods for the bulk of their sales. Since 1994, chilled and frozen products have grown at a rate of 9% to 15% each year, to comprise about 50% of raw material or semi-finished products used by hotels, restaurants, fast foods, kiosks, and other similar food service providers.

The development and growing efficiency of distribution channels has allowed retailers to lower prices and increase their own margins on products. However, retailers still focus on a few key factors that influence their buying decisions, including potential market acceptance, novelty, price, freshness, promotional strategies, service and terms of payment.

PUBLIC-SECTOR CUSTOMERS

Government Organizations

The government operates 500 retail outlets that offer a product range similar to that of hypermarkets. Access to these public coops is limited to government employees, military personnel and teachers. Prices are generally discounted by 25% over supermarket or hypermarket prices. Public coops do not import directly or purchase from foreign exporters, but instead purchase both domestic and imported products from local distributors. Therefore, if exporters wish to access this market segment, they will have to utilize local distributors in Taiwan.

Government Procurement Regulations

The Central Trust of China (CTC) is the government procurement and distribution organization in Taiwan. However, most government purchases are administered by local purchasing entities without the aid or direction of the CTC. The CTC is simply informed of any procurement purchase.

Under Taiwanese law, most public enterprises and agencies must procure locally when products are available. While most tenders are open to international companies, local firms are heavily favoured.

MARKET LOGISTICS

Taiwan is one of the largest cargo handlers in the world, and the distribution infrastructure is among the best in the world. Because the island is relatively small, most of the main markets are easily accessible. Nevertheless, although the market is concentrated, some rural regions remain under supplied.

Channels of Distribution

Taiwan has a very modern retail market, with over 1 000 supermarkets, 4 000 convenience stores, and around 700 distributors of chilled and frozen food products in Taiwan. Although the country's distribution system is well developed, it is undergoing changes that will ease market access for imported products. Taiwan has many traditional wet markets, but they are not plausible outlets for imported processed frozen food, since they lack the necessary freezer equipment and tend to focus on fresh goods.

A good partner, agent, distributor, or joint-venture partner is as essential in Taiwan as it is in any other export destination. To simplify the process, some importing firms will also act as distributors. This system is not always preferred by exporters, but in Taiwan, fears exist that companies searching for distributors are not serious about entering and committing to the Taiwanese market. When distributors are enlisted to take ownership of product, companies can maintain involvement in the market at arms-length, as extra costs of distribution, marketing, and product servicing, among others, are not incurred. Should a company insist on working with a distributor, the company should also spend extra time and money to demonstrate its commitment to the market.

Direct Sales

It is now possible to make direct sales in Taiwan, since many retailers are looking for ways to reduce costs and to be more competitive. One strategy adopted by retailers is to deal with manufacturers directly, in order to decrease the number of wholesalers

used in getting the product to the customer. This strategy is most common among large retailers, who are more likely than smaller retailers to have the means and resources to provide their own distribution network. Company-owned convenience chain stores frequently purchase directly from manufacturers and often operate affiliated distribution companies.

Distributors and Wholesalers

Both distributors and wholesalers are employed in Taiwan, but small and medium-sized exporters generally rely exclusively on distributors. Distributors in Taiwan act as sales agents, and, in the case of small transactions, may also act as product promoters. Wholesalers purchase imported goods for sale to numerous outlets, generally in rural regions.

According to the World Economic Society, Taiwan has approximately 6 000 wholesalers that handle processed food and beverages. There is expected to be a consolidation of these wholesalers, which will have the effect of decreasing the number of operators and their scope of operations. Meanwhile, distribution firms are expanding their operations. Approximately 40% of all distributors specialize in the distribution of frozen and chilled foods, and an additional 10% can handle both these goods and dry foods.

Retail distributors

The advent of supermarkets, hypermarkets and convenience stores in Taiwan has made frozen and prepared foods more accessible to local consumers. Most notably, supermarkets are key for marketing new products through promotions, special discounts, and free trial samples. Pre-cooked food

Some large food retailers successfully developed independent distribution networks, while smaller retailers find it more cost-effective to contract with large distribution companies.

Exporters should note that many Taiwanese retailers charge standard listing or shelving fees, and expect manufacturers to cover the costs of in-store promotions and product demonstrations.

Agents and Sales Representatives

Agents have the advantage of superior market intelligence and improved communication for customer servicing. Sales representatives play an important role in the direct sale of products. Generally speaking, foreign firms are better served by agents with whom they have close ties.

Canadian suppliers are encouraged to establish relations with those individuals and companies that have a solid understanding of Taiwan's retail sector. It is also important that potential sales partners have well established industry contacts.

Market-entry Considerations

Distinct and unique packaging is a key to establishing brand recognition in Taiwan, as consumers rely on brand logos and colours to identify frozen foods. However, as mentioned earlier, while adhering to Taiwanese labelling laws, an English brand name will enhance the consumer's perception of the product as being of higher food quality. As always, price and quality of the product are significant considerations for the consumer. Consumers will pay higher prices for better quality foods.

Exporters considering Taiwan as a market should keep in mind the changes in tariff and non-tariff barriers that are ongoing as a result of the country's WTO application. Both processed and non-processed agricultural products have seen major — and often confusing — changes in tariff rates and product classification. Some exporters have seen decades-old product classifications changed without notice when their goods arrived at port, only to have them reversed upon arrival of the next shipment.

Taiwan maintains a number of strict standards for the importation of agricultural goods, and many products require the approval of a number of government agencies before they may be imported. Once Taiwan gains membership in the WTO, many of the strict standards and non-tariff barriers will be removed, and some tariffs will be lowered. However, several barriers will continue to stand, restricting market access for a some agricultural goods.

Suggested Business Practices

Conducting business in a country with cultural and economic differences can be both challenging and rewarding. Taiwan's status as a developing country presents unique obstacles and opportunities in this region.

Personal relations and trust are very important in Taiwan, making the initial stages of a business relationship vital. Exporters should be wary of "opportunities" that promise to expedite the export process through facilitation money or alternative avenues of market entry. Companies are advised to establish relations with reputable and trustworthy local business partners or representatives.

Since it is difficult to make appointments in Taiwan on short notice, it is wise to plan commercial itineraries before arriving. Having business cards printed in both English and Mandarin (the official language of Taiwan) is greatly appreciated. Presenting small

gifts during business functions is a common and highly regarded practice.

Import Regulations

In addition, all imports entering Taiwan through one of its five ports are required to pay a 0.4% harbour construction tax and a 5% value added tax. Goods entering Taiwan by air freight or parcel post are exempt from harbour tariffs. Highly processed foods are generally subject to high import tariffs, which can hinder their competitiveness against locally produced goods. Please contact the Canadian Trade Office in Taipei for current import duty rates.

All processed foods must adhere to similar import regulations. Packaging may be written in English, or any other language of origin, but must include an additional comprehensive label written in Mandarin. Labels must be affixed before Customs clearance, and must bear the following information:

- brand names;
- quantitative analysis of contents: weight, volume or number;
- food additive names;
- net weight in metric units;
- manufacturer's and importer's name, address and phone number;
- date of manufacture; and
- expiration date.

All food shipments must be accompanied by the proper import licences and permits, food registration certificates, and shipping documents. All documentation must be in English or be accompanied by an English translation.

Import licence: Where licences are required, the importer may first be required to obtain the authorization of numerous agencies. Import licences are valid for six months. An extension may be granted for justifiable reasons. Goods must be shipped within the validity period of the licence. Licences are not transferable. Most agricultural products require licensing, and some also require approval from the Council of Agriculture before importation.

Import permit: A foreign supplier's pro-forma invoice (quotation) is required for an application of an import permit from Taiwan's Board of Foreign Trade. Most import permits are valid for six months from the date of issue.

Shipping documents: Documents required for shipments to or from Taiwan include a commercial invoice signed by the exporter (in triplicate) that includes the following:

- import licence number;
- F.O.B., C&F or c.i.f. value;
- insurance charges;
- freight charges; and
- notice of any discounts or commissions that have been made.

The commodity description and value shown on the commercial invoices must agree with those on the import licence.

Bill of lading or waybill: This must include all marks and case numbers that appear on the packages. Customs does not permit the grouping of marks or numbers on shipments of mixed commodities.

Pro-forma invoice: This invoice (quotation) is required by the importer to obtain an import licence and to establish a letter of credit. It must include a full description of goods, including:

- brand name;
- method of packing;
- quantity;
- unit price, total cost, freight, insurance and other charges;
- method of shipment;
- date and port of shipment;
- port of destination;
- terms of payment;
- validity of offer;
- name and address of letter of credit beneficiary; and
- other details required by the importer.

Packing list: at least two copies are required.

Certificate of Origin: This may be requested by an importer or bank or through a letter of clause. It must be issued by the government of the country of origin or by the authorized issuing offices.

Local Standards, Certificates or Registrations

Taiwan has very strict standards for imported agricultural goods. Many of Taiwan's standards for processed foods far exceed internationally accepted standards, and in some cases standards and food quality are established through unorthodox means. Imported agricultural goods are regularly tested for compliance with national standards, while domestic products are seldom tested.

In order to export food items, an exporter must obtain approval and registration from:

National Laboratories of Food and Drug
Department of Health
161-2 Kun Yang Street
Nanking District
Taipei, Taiwan
Tel: (886) (2) 785-6283
Fax: (886) (2) 785-6793

The Taiwan Health Department often requires that the first shipment of a product be tested for content and possible health risks. This test is at the exporter's expense, with the cost based on the shipment's value. After the initial test, the Health Department tests products at random. Experience has shown that roughly every twentieth shipment is tested.

All nuts are subject to an Aflatoxin test upon arrival of first shipment to Taiwan. Nuts may not contain more than 10 ppd of Aflatoxin B1, B2, G1 and G2. Tests on dried nuts may take up to six days, while fresh nut tests take from one to three days.

Export Credit Risks, Restrictions on Letters of Credit or Currency Controls

Taiwan has a highly developed banking sector capable of providing letters of credit for most import transactions. Most sales to Taiwan are conducted on bank-to-bank letters of credit. Credit terms last 60 to 90 days.

There are few barriers to full and immediate repatriation of capital and remittances of profit for registered foreign investment, or trade transactions. There are reports of foreign exchange delays of up to two months, although delays are rare on smaller transactions.

PROMOTIONAL EVENTS

Event / Description	Organizer
Taipei International Food Machinery Show 17-21 June 1999 (Annual) Taipei World Trade Centre Exhibition Hall Taipei, Taiwan Food & beverage, hotel/restaurant equipment.	China External Trade Development Council (CETRA) CETRA Exhibition Department 5 Hsin-yi Rd., Section 5 Taipei, Taiwan 10548 Tel: (886-2) 2725-1111 ext. 363 Fax:(886-2) 2725-1314
2000 Taipei International Food Show 15-18 June 2000 (Annual) Taipei World Trade Centre Exhibition Hall Taipei, Taiwan Assorted foods & beverages, condiments & additives, bakery products, foreign exhibits, Image area, trade media.	China External Trade Development Council (CETRA) CETRA Exhibition Department 5 Hsin-yi Rd., Section 5 Taipei, Taiwan 10548 Contact: Ms. Christie Huang Tel: (886-2) 2725-1111 ext. 363 Fax:(886-2) 2725-1314

KEY CONTACTS AND SUPPORT SERVICES

Canadian Government Contacts

Canadian Trade Office
365 Fu Hsing North Rd, 13th Floor
Taipei 10483, Taiwan
Tel: (886-2) 2547-9500
Fax: (886-2) 2712-7244
Internet: http://www.ctot.org.tw

Department of Foreign Affairs and International Trade
Market Support Division
125 Sussex Dr.
Ottawa, ON K1A 0G2
Tel: 1-800-267-8376 or (613) 995-1773
Fax: (613) 944-0050

Department of Foreign Affairs and International Trade
Korea and Oceania Division
125 Sussex Dr.
Ottawa, ON K1A 0G2
Tel: (613) 995-1183
Fax: (613) 996-1248

Agriculture and Agri-Food Canada
Sir John Carling Bldg.
930 Carling Ave.
Ottawa ON K1A 0C5
Contact: John Smiley
Tel: (613) 759-7632
Fax: (613) 759-7506
Internet: www.agr.ca

Business Development Bank of Canada
#400, 5 Place Ville Marie
Montreal, QC H3B 2G2
Tel: 1-888-463-6232
Fax: (514) 283-0617
Internet: http://www.bdc.ca

Canadian Commercial Corporation
50 O'Connor St., 11th Floor
Ottawa, ON K1A 0S6
Tel: 1-800-748-8191 or (613) 996-0034
Fax: (613) 995-2121
Internet: http://www.ccc.ca
E-mail: info@ccc.ca

Canadian Food Inspection Agency
59 Camelot Drive
Nepean, Ontario K1A 0Y9
Tel: (613) 225-2342
Fax: (613) 228-6653
Internet: http://www.cfia-acia.agr.ca
E-mail: cfiamaster@em.agr.ca

Export Development Corporation
151 O'Connor St.
Ottawa, ON K1A 1K3
Tel: (613) 598-2500
Fax: (613) 237-2690
E-mail: export@edc4.edc.ca
Internet: http://www.edc.ca

Agriculture and Agri-Food Canada

The Agri-Food Trade Service regional contacts are:

Al McIsaac
St. John's, NF
Tel.: (709) 772-0330
E-mail: mcisaaca@em.agr.ca

Shelley Manning
Halifax, NS
Tel.: (902) 426-2137
E-mail: mannings@em.agr.ca

Bernard Mallet
Moncton, NB
Tel.: (506) 452-3732
E-mail: malletb@em.agr.ca

Chris Pharo
Charlottetown, PEI
Tel.: (902) 566-7310
E-mail: pharoc@em.agr.ca

Bernard Gravel
Montréal, QC
Tel.: (514) 283-3815 (ext.506)
E-mail: gravelb@em.agr.ca

Carol Kerley
Guelph, ON
Tel.: (519) 837-5866
E-mail: kerleyc@em.agr.ca

Fay Abizadeh
Winnipeg, MB
Tel.: (204) 983-8622
E-mail: abizadehf@em.agr.ca

Roy Gordon
Regina, SK
Tel.: (306) 780-7134
E-mail: gordonr@em.agr.ca

Colin J. Campbell
Edmonton, AB
Tel.: (780) 495-4186
E-mail: campbellc@em.agr.ca

Max Xiao
New Westminster, BC
Tel.: (604) 666-9353
E-mail: xiaom@em.agr.ca

Taiwan Government Offices

Board of Foreign Trade
1 Hu Kou St.
Taipei, Taiwan
Tel: (886-2) 351-0271
Fax: (886-2) 331-5387

Customs Authority
Director General, Directorate General of Customs
85 Hsin-Sheng South Rd, Section 1
Taipei, Taiwan
Tel: (886-2) 351-2875
Fax: (886-2) 711-4166

Bureau of Commodity Inspection and Quarantine
4 Chi Nan Rd, Section 1
Taipei, Taiwan
Tel: (886-2) 351-2141
Fax: (886-2) 393-2324

National Laboratories of Foods and Drugs, Department of Health
161-2 Kun Yang St.
Nanking District
Taipei, Taiwan
Tel: (886-2) 785-6283
Fax: (886-2) 389-9860

Commercial Banks in Taiwan

Asia Pacific Bank
66 Min Chuan Rd
Taichung, Taiwan
Tel: (886-4) 227-1799
Fax: (886-4) 220-4297

Export-Import Bank
3 Nan Hai Rd, 8th Floor
Taipei, Taiwan 10728
Tel: (886-2) 321-0511
Fax: (886-2) 394-0630

Bank of Taiwan
1120 Chungking South Rd
Section 1
Taipei, Taiwan 10036
Tel: (886-2) 349-3456
Fax: (886-2) 311-5145

Chang Hwa Commercial Bank Ltd.
38 Tsuyu Rd
Section 2
Taichung, Taiwan 40010
Tel: (886-4) 222-2001
Fax: (886-2) 223-1170

Chinatrust Commercial Bank
Head Office(Banking Department)
3, Sungshou Road, Taipei, Taiwan, R.O.C.
Tel. (02) 2722-2002
Internet:
http://www.chinatrust.com.tw/english/english.html

International Commercial Bank of China
100 Chi Lin Rd
Taipei, Taiwan 10424
Tel: (886-2) 563-3156
Fax: (886-2) 563-2614

Taipei Bank
50 Chungshan North Rd
Section 2
Taipei, Taiwan 104
Tel: (886-2) 542-5656
Fax: (886-2) 542-8870

Bankers Association of the R.O.C.
46 Kuanchien Rd, 8F
Taipei, Taiwan
Tel: (02) 361-6019
Fax: (02) 383-1783

Industry Associations in Taiwan

R.O.C. National Association of Shipping Agencies
6F-2, 15, Lane 3 Chienkuo N. Rd
Sec. 1
Taipei, Taiwan
Tel: (02) 508-0106
Fax: (02) 508-0129

Taipei Import-Export Association
350 Sunkiang Rd
Taipei, Taiwan
Tel: (02) 581-3521
Fax: (02) 542-3704

Taiwan Association of Frozen Food Industries
Rm. 2, 11F, 103 Chungcheng 4th Rd
Kaohsiung, Taiwan
Tel: (07) 241-2053
Fax: (07) 241-2055

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United States Department of Agriculture. *Taiwan Food Market Reports*. 6 September 1996.

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Curry, Jeffrey. *Passport Taiwan*. World Trade Press, San Rafael, CA, 1998. WorldPress@aol.com

Harris, Gregory. *Taiwan: Food Processing & Packaging Equipment Market*. American Consulate in Kaohsiung, September 5, 1997.

Useful Internet Sites

Agriculture and Agri-Food Canada: **http://www.agr.ca/**

Agri-Food Trade Service: **http://atn-riae.agr.ca/public/menu-e.htm**

Asia Pacific media links: **http://www.neog.com/asianow/links1.html**

Canada Business Service Centres: **http://www.cbsc.org**

Canadian-Taiwan Business Association: **http://www.ctot.org.tw/e/ctba.html**

China External Trade Development Council (CETRA): **http://www.tptaiwan.org.tw**

Department of Foreign Affairs and International Trade: **http://www.dfait-maeci.gc.ca**

Economic Development Corporation: **www.edc.ca**

ExportSource: **http://www.exportsource.gc.ca**

Governments on the WWW : Taiwan: **http://www.gksoft.com/govt/en/tw.html**

InfoExport: **http://www.infoexport.gc.ca**

Montgomery Network (International trade show organization): **http://www.montnet.com/**

Political and Economic Risk Consultancy: **http://www.asiarisk.com**

Regional industrial profiles for Asia Pacific: **http://aspac.kpmg.com/asiashphere**

Search engine for Taiwan and Southeast Asia: **http://www.sinica.edu.tw**

Strategis: **http://strategis.ic.gc.ca/**

Tradeport: **http://www.tradeport.org/**

Trade Show Central: **http://www.tscentral.com**

U.S. Department of Agriculture: **http://www.fas.usda.gov/**

World Bank: **http://www.worldbank.org/**